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ACV vs. RCV vs. Depreciation

A one-page guide to understanding the numbers behind many Texas property-claim payments.

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Three numbers that often make an insurance payment confusing

Your policy controls whether depreciation is recoverable and how payment is calculated.

RCV

Replacement Cost Value

The estimated cost to repair or replace covered property with like kind and quality, subject to the policy.

DEPRECIATION

Age / condition adjustment

An amount reflecting age, condition, useful life, or other factors. It may be recoverable or non-recoverable depending on the policy and item.

ACV

Actual Cash Value

Often the replacement cost less applicable depreciation. Exact policy definitions vary.

SIMPLE EXAMPLE — FOR ILLUSTRATION ONLY

Covered replacement cost estimate	$25,000
Less depreciation	– $7,000
Illustrative ACV	$18,000
Less deductible	– $2,500
Illustrative initial payment	**$15,500**
Potential recoverable depreciation after qualifying repairs*	+ up to $7,000

QUESTIONS TO ASK ABOUT YOUR PAYMENT

- What is the RCV, ACV, depreciation, deductible, and net payment on this claim?
- Which depreciation is recoverable, and what must I submit to recover it?
- Are there deadlines for completing repairs or requesting supplemental payment?
- Does the estimate include all covered repair scope and quantities?

**Example assumes recoverable depreciation applies. Some policies or items may be ACV-only.*

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